

General Information for Guaranty Agencies on Challenges

What role does a guaranty agency have in a school's challenge?

A school may write to a guaranty agency to obtain information to challenge the school's draft cohort default rate. A guaranty agency is required to respond to a school's timely submitted inquiry regarding Federal Family Education Loan (FFEL) Program loans for which the agency currently maintains the guaranty.¹ The response must be provided within 30 calendar days of receiving the school's request. In addition to responding to the school, the guaranty agency must provide a copy of its response to the school's inquiry to the U.S. Department of Education (Department).

In preparing responses to inquiries, guaranty agencies should refer to the information provided in the "Information for Guaranty Agencies on Challenges" sections.

What actions should a guaranty agency take when responding to a school's inquiry?

The Department recommends that when responding to schools' inquiries, a guaranty agency should –

- **Thoroughly review this Guide.** This will ensure that the guaranty agency is aware of all the guidance and requirements associated with the cohort default rate challenge process.

¹ 34 CFR Section 682.401(b)(15)

Q. Who is responsible for responding to requests for information on loans currently held by the Department?

A. The Department's **Default Management office** will respond to a school's requests for information regarding **FFEL Program loans currently held by the Department**.

The **Department's Direct Loan servicer** will respond to a school's requests for information regarding **Direct Loan Program loans**.

Q. Who should a guaranty agency contact if the agency's address, phone number, contact person, or e-mail address changes?

A. A guaranty agency should contact the Department's Default Management office at the address shown on page 129 or at (202) 708-6048 if the guaranty agency's address, phone number, contact person, or e-mail address changes.

- **Send all correspondence to schools return receipt requested or via commercial overnight mail/courier delivery.** This will be useful to a guaranty agency and the Department.
 - **Maintain copies of documentation verifying the school's receipt of all cohort default rate challenge related material.** This will be useful to a guaranty agency and the Department.
 - **When sending a response to a school, immediately send a copy of the response to the Department's Default Management office** using the address on page 129. The Department will use this material to make a determination on the school's challenge.
 - **Retain copies of all documents** provided to schools and the Department for a period of five years from the date the school's challenge was resolved by the Department.
- AND
- **Submit cohort default rate monthly status reports** to the Department. The Department will use this information to monitor the times frames associated with the challenge process.

What if unforeseen circumstances prevent a guaranty agency from responding to a school's request within 30 calendar days of receiving the school's request?

If a guaranty agency is unable to respond within 30 calendar days of receiving the school's request, it should **send the school a letter** on its official letterhead —

- explaining the circumstances causing the delay;
- telling the school when it will respond;

AND

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indicating that the Department has been informed of the delay.



Note

If a school does NOT receive a response from a guaranty agency within 30 calendar days of receiving the school's request, the school may notify the Department that it has not received the required response.

What if a guaranty agency can only respond to a portion of a school's request within 30 calendar days of receiving the school's request?

If a guaranty agency can respond to only a portion of a school's requested information within 30 calendar days of receiving the school's request, it should hold that portion of the response until it can provide a response to ALL of the school's requested information. The guaranty agency should send a letter to the school and the Department that provides the information outlined above. When ALL the needed data are gathered, the guaranty agency should send ALL of the data to the school in a single mailing.

